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SECURITY INFORMATION

US OFFICIALS ONLY

10 June 1952

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CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

This digest of significant reports has been prepared primarily for the internal use of the Central Intelligence Agency. It does not represent a complete coverage of all current reports received. Comments represent the immediate views of the Office of Current Intelligence.

*Army, DIA and State Dept
reviews completed*

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THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECS. 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

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GENERAL

1. France favors Japan's association with Paris COCOM: According to the French Foreign Office, France favors Japan's association with the Paris COCOM, and believes that the establishment of a COCOM in the Far East would be a "political blunder." The French are opposed to raising the question of Japan's relation to COCOM with the Consultative Group unless the United States, Britain and France coordinate their position in advance. (S Paris 7644, 9 June 52)

Comment: The British, who have indicated "surprise" at French willingness to conduct tripartite talks with Japan before approval of the Consultative Group of COCOM, maintain that it is preferable for this group to be consulted before conducting any talks with Japan.

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2. Norwegian deplores failure to consult within NATO on replies to Soviet notes: A member of the Norwegian NATO delegation in an informal conversation has expressed surprise at the lack of discussion or consultation by the US, Britain and France with other NATO countries on the Soviet note exchanges, pointing out that the future of Germany can hardly be considered strictly a tripartite affair. The Norwegian hoped that in the forthcoming third Western reply consultation would not again consist merely of presenting the other NATO representatives with copies of the tripartite message a few hours before its public announcement.

Special US Representative Draper reports that some other delegates are similarly concerned and he believes the Norwegian

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permanent representative might raise the question in the North Atlantic Council. He names the British and French as "stumbling blocks" to NATO consultation on Soviet note exchanges. (S Paris POLTO 1362, 7 June 52)

Comment: This Norwegian complaint reflects continued annoyance on the part of the smaller NATO countries at what they consider excessive big-three domination.

SOVIET UNION

3. Ukrainian Party Secretary sent to Lvov Oblast: On the 30th of May Pravda Ukrainy announced the replacement of Ukrainian Central Committee Secretary Z. T. Serdyuk by N. D. Bubnovskii. Serdyuk was appointed First Secretary of the Lvov Oblast, probably in the role of trouble-shooter, inasmuch as failure of ideological work and the existence of bourgeois-nationalism in the Lvov area continue to be criticized. (R Moscow 1930, 3 June 52)

Comment: Serdyuk was made a secretary of the Ukrainian Party at the time of the re-appointment of Politburo member Khrushchev as First Secretary of the Ukraine at the end of 1947. He has been a member of the Ukrainian Politburo and Orgburo at least since 1949 and there have been no indications of official dissatisfaction with his work which would make his transfer to Lvov appear as a demotion. It is a common Soviet practice to send rising party leaders to sensitive oblasts needing special supervision.

Since the war the area in which the Lvov Oblast is located has been a troublesome center of Ukrainian nationalist sentiment and partisan activity, and through the spring of 1952 it was the scene of extensive MGB operations.

EASTERN EUROPE

4. Hungarian army now estimated at 190,000: The US Military Attache in Budapest now estimates the strength of the Hungarian People's Army at 190,000. The new figure is based on induction of the class of 1932, processing for refresher training of the heaviest reservist groups seen to date, and lack of any evidence that earlier classes have been released. (S Budapest 909, Jt Weeka 23, 7 June 52)

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Comment: According to G-2, Department of the Army, continued induction this summer of conscriptees without concomitant releases may well raise Hungarian army strength, currently officially estimated at 185,000-190,000, to over 200,000.

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FAR EAST

5. Soviet Union reportedly to repatriate 180,000 Japanese POW's: Japanese Diet member Mrs. Tomi Kora, who attended the Moscow Economic Conference and the Peiping preparatory "peace" meeting without government sanction, has quoted "an authoritative Soviet source" as stating that the USSR will propose the return of 180,000 Japanese POW's if Japan signs a "separate" peace treaty with the Soviet Union. Japanese officials expressed doubt that the report is accurate. (R FBIS Tokyo Kyodo, 9 June 52)

Comment: The Japanese Government estimates that there are only 77,637 of its nationals still alive in the USSR, China and North Korea. The USSR has consistently maintained that all Japanese, except for a few hundred war criminals, have been returned.

These facts cast extreme doubt on the Soviet source's reliability. Publication of Mrs. Kora's report in Japan, moreover, is likely to weaken her endorsement of the Soviet "peace" campaign.

6. No strong pro-Rhee sentiments demonstrated in Korean provinces: American officials, reporting on political developments from South Korean provincial centers, generally confirm that Rhee has little genuine popular local support in his campaign against the Assembly. They add that petitions and demonstrations are attributable primarily to oppressive tactics by the official and quasi-official organs subordinate to the President. (C Pusan 1312, 8 June 52)

Comment: Rhee has publicly proclaimed that his over-all campaign against the National Assembly reflects the "will of the people." Only recently was the "Communist plot" theme introduced to justify his dictatorial actions of late May and early June.

- 25X1C 7. Rhee's chief henchman rumored as next ROK Defense Minister: 25X1C

Yi Pom-sok, present Minister of Internal Affairs and Rhee's executive in the current political imbroglio, will replace Sin Tae-yong as Minister of Defense in the near future. The Internal Affairs post will be taken either by a Rhee backer in the National Assembly or by a former Internal

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Affairs Minister, Yun Chi-yong, who is also actively engaged in seeking power through Rhee.

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Also scheduled for transfer, [redacted] is General Yi Chong-chian, ROK Army Chief of Staff, who is opposed to Rhee's recent moves. His replacement will probably be General Paek Son-yop, South Korea's foremost tactical commander, who is not known to be active politically. [redacted]

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Comment: Yi Pom-sok's assumption of the defense post may be an attempt of Rhee and his supporters to forestall an apparent development of anti-Rhee sentiments in high ROK army circles. Yi Pom-sok is already generally credited in Pusan with having nearly complete control over the Defense Ministry and the Prime Minister's office as well as his own position.

8. Radio Free Japan again hails Mao and ignores Stalin:
Radio Free Japan, the clandestine station apparently located in North China, on 4 June broadcast to Japan a May Day message to Mao Tse-tung from a government workers' organization in Japan. The message concluded with a "Banzai to Chairman Mao Tse-tung, the glorious star of peace and liberation of the Asiatic peoples." (R FBIS, 6 June 52)

Comment: Radio Free Japan hailed Mao a week ago as "star of hope" and "glorious leader" and did not mention Comrade Stalin. In the international Communist formula, endorsed by Peiping itself, Stalin is the leader of the peoples of the world and Mao only of the Chinese people. It is of some interest that this view has not been expressed on Radio Free Japan.

9. Economic depression in China reported: Eye-witness accounts from several recent arrivals in Hong Kong give a picture of economic depression on mainland China which contradicts Communist claims that the economy has recovered from the effects of the anti-bourgeois campaign.

A source from Tientsin reports that economic deterioration there is "indescribable." Half the personnel in government trade organs, he asserts, have been purged, and the remainder are fearful of assuming responsibility.

Another report from a former resident of a town in East China states that business there has been at a standstill for

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weeks and that the number of beggars is greater now than in Nationalist times. (S Hong Kong 3212, 6 June 52)

Comment: Economic initiative among private businessmen and officials of government economic organizations has been paralyzed by Peiping's campaign against the bourgeoisie. Peiping's current propaganda, acknowledging the "temporary difficulties now encountered in production and business," declares, however, that this campaign is "basically concluded" and states that the regime will grant loans and orders to business enterprises. It is too soon to assess the effectiveness of these new efforts to restore commercial confidence.

10. Communists imply they may close British consulates in China: The official Chinese Communist news agency's attorney in Hong Kong has intimated that if the British close down its office there, the Peiping regime may retaliate by closing British consulates in China.

The lawyer's threat is taken seriously by the British Foreign Office, which has directed that notes explaining the British position be delivered to Peiping and to the agency's manager in Hong Kong. (S London 5579, 7 June 52)

Comment: The agency, ordered in April to register under the colony's press ordinance, claimed exemption on grounds of being a state agency. The deadline for registration has been extended twice.

The Communists are aware that other state agencies, such as USIS, are registered. Peiping apparently hopes by stalling and threats to induce the British to back down.

11. Chinese Communist Party plans to rehabilitate expelled members: [redacted] the Chinese Communist Party (CCP) has arranged to rehabilitate the majority of its members expelled or placed under party supervision during the recent campaign against corruption, waste and bureaucracy.

Members placed under party supervision for minor offenses will in most cases enter party schools for training. Expelled members who have more than ten years membership and are not charged with counter-revolutionary acts, in most cases will be sent to party schools or to "production" work, and may be restored to membership after three years. [redacted]

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Comment: Thousands of party members, including an alternate member of the Central Committee, were casualties of the "san fan" campaign.

Chinese press accounts of the campaign suggest that many or most of the party casualties were chosen almost at random as scapegoats to assume the general guilt.

12. Top official in Central-South China "loses face": A Chinese Communist newspaper reports that Teng Tzi-hui, Vice Chairman of the Central-South China government, in February submitted a public confession that he had been "bureaucratic" in delaying prosecution of a complicated case during the recent campaign against corruption, waste and bureaucracy. [REDACTED]

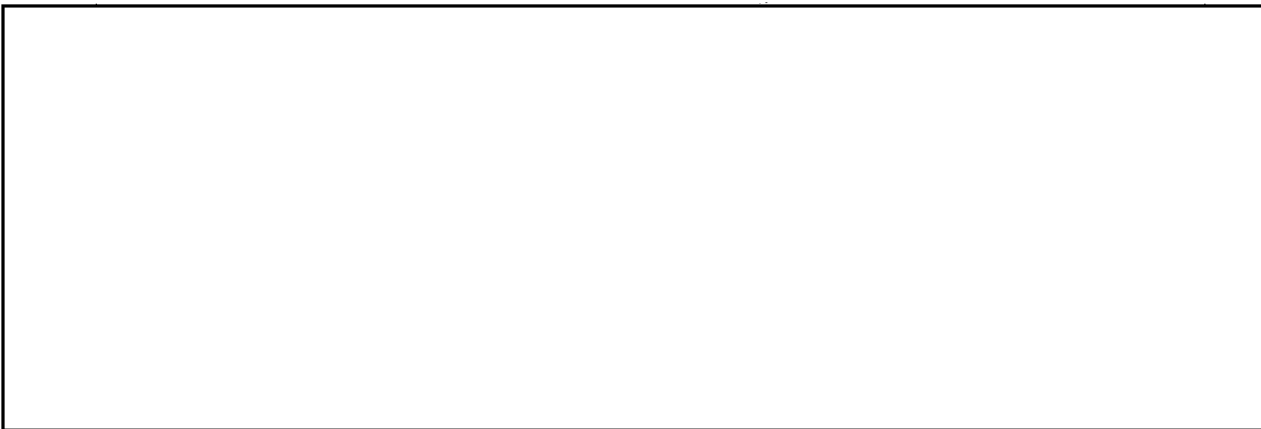
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Comment: Teng is the 30th-ranking member of the Party's Central Committee, and Deputy of its Central-South Bureau and Political Commissioner of the Central-South Military Area. He is one of the top two officials in the region and the highest party member in China to be publicly rebuked during the campaign. Teng's loss of face evidently did not lead to the loss of his position, however, as he was still active in the Hankow area in March.

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14. Chiang Kai-shek plans increased control over military forces: [REDACTED] Chiang Kai-shek plans a reorganization of the military forces to increase his control and that of his elder son, Chiang Ching-kuo. During the past six weeks over 3,000 officers have been processed for retirement, effective in July, and hundreds of

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promotions are being prepared. Opponents of Chiang like General Sun Li-jen will be deprived of their trusted subordinates.

Chiang has also proposed to reorganize the ground forces into separate area commands, responsible directly to him rather than to the chief of the ground forces. [REDACTED]

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Comment: Although no effective opposition to Chiang Kai-shek exists among Nationalist leaders, his elder son is disliked by Kuomintang members.

The reorganization of the Nationalist Army, suggested by the US Military Advisory Group, will necessitate some officer transfers. The Generalissimo apparently plans to use this opportunity to retire those officers who oppose him and his son.

15. Viet Minh offensive rumored: [REDACTED]

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[REDACTED] the Viet Minh 308th, 316th and 320th Divisions are preparing to launch an offensive northwest of Hanoi after the May rice harvest. [REDACTED]

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Comment: There is no confirmatory information of an imminent offensive.

16.

Former Cambodian premier arrested: The Cambodian Government has arrested former premier Yem Sambaur on charges of plotting against the internal security of the state. Sambaur was linked with the distribution of "dissident" tracts two years ago. (Paris AFP, 9 June 52)

Comment: Sambaur, a prominent and able politician, is the second former Cambodian premier to run afoul of local authorities. The first, Son Ngoc Thanh, went underground and is believed to have escaped to Thailand.

These developments underscore the growing political unrest in Cambodia, and it will be interesting to observe the future career of the present premier, who is known to be very close to Thanh.

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17. Li Mi's difficulties reported: The American Embassy in Bangkok has been reliably informed that General Li Mi, commander of the Chinese Nationalist forces in northeastern Burma, was forced to leave Bangkok because his subordinates were contacting him there and insisting on more money or arms; in addition, his relations with Police Director General Phao have been "temporarily severed." The source also claims that Li may seek refuge in Chiengmai, in northern Thailand. (S Bangkok 2615, 7 June 52)

Comment: There is no information to confirm this report.

The Nationalists' need for arms is questionable, since they have recently been inactive and [] to be well-equipped.

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Chiengmai, which would appear to hold no special attraction for Li Mi, is an unlikely sanctuary.

18. Unrest among Burmese minorities noted: The American Embassy reports that the new Minister of the Chin Affairs, who was appointed over Chin objections, was ostracized during a recent visit to the Chin area. Similarly, the Kachins held a protest rally when the Minister visited their part of the country. Meanwhile, a large demonstration was held in Taunggyi, capital of the Shan State, against the activities of the Shan States Administrative Enquiry Commission. The Embassy comments that these incidents illustrate the Burmese Government's failure to enlist the loyalty of ethnic minorities. (S Rangoon 1182, 6 June 52)

19. Burmese official again rejects Communist overtures: The Burmese Home Minister has again rejected Communist peace feelers, and has challenged the insurgents to surrender or die. The American Embassy in Rangoon comments that these repeated rejections appear to indicate the Burmese Government's growing confidence in the "face of Communist desperation." (S Rangoon 1182, 6 June 52)

Comment: The government's attitude toward the Communists has been hardening and its military campaign against the insurgents has been pressed with unusual vigor. Although the failure to obtain significant aid from China must be disheartening to the Burmese Communists, it is still not clear whether their peace feelers are an indication of "desperation" or a tactical maneuver ordered by higher authority.

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NEAR EAST - AFRICA

20. Communists reported raising money in Syria to support resistance in Algiers. Agents of Communist organizations in Syria have been carrying on a secret fund-raising campaign since 19 March among the workers, small craftsmen, and merchants to support resistance against French Algerian authorities,

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[redacted] a group of Communist Party emissaries from Algiers have been in Syria since 15 April for the same purpose. [redacted]

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Comment: There have been no other reports to indicate that Communist organizations in Syria are carrying on this particular activity.

Communist activity in Algeria has featured propaganda urging solidarity with the people of Tunisia, and work stoppages. Because of the watchful surveillance of French authorities, Communist organizations in Algeria do not present an important threat to internal stability.

21. North African nationalists appear to have taken step toward greater cooperation: Leading nationalist representatives from Morocco, Algeria, and Tunisia formed a new commission in Cairo last March to collect and disseminate information concerning the Tunisian problem, [redacted]

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This organization, the Maghreb Commission for Tunisian Affairs, [redacted] prepared documents on the Tunisian case for the use of favorably disposed United Nations delegates in the Security Council, and to have made efforts to collect photographs and eye-witness accounts of incidents in Tunisia discreditable to the French authorities.

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Comment: Representatives of these nationalist parties in Cairo have formed common organizations before, but their effectiveness has been weakened by internal disagreements and the strong tendency of each nationalist party to pursue an independent policy.

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The stature of the members and the emphasis upon the Tunisian case appears to indicate that the new commission expresses a greater degree of solidarity and cooperation.

22. White South African opposition groups unite in impressive demonstration: The attendance of 45,000 at a United Front rally on 6 June at the Natal provincial capital of Durban far exceeded expectations, and is considered by the American Consul to have been an impressive display of white opposition unity and determination to fight the Malan government "at every step." There was no violence, and the speeches decried any move toward secession from the Union by Natal, stronghold of the opposition. (C Durban 25, 7 June 52)

Comment: The Nationalist Government has stirred up great hostility recently by empowering Parliament to judge the constitutionality of its own acts, thus imperiling certain guaranteed rights. The United Front, formed in mid-April by the opposition political parties and the Torch Commando, a vigorous 200,000-member veterans' group, seeks to defeat the Nationalists in next year's general election. The United Front wants to avoid violence, but the Torch Commando, which is organized along military lines and has access to weapons, could take the lead in armed resistance should the government attempt the forcible suppression of such demonstrations.

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WESTERN EUROPE

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24. Comment on reaction to insulation of East Germany: The adoption of measures to insulate the Soviet Zone caused a sharp rise in the flight of refugees westward into the Federal Republic, but the flow was cut down by 8 June by reinforcements of Soviet troop patrols and People's Police. The daily average of 190 refugees as of 27 May had risen to 2,000 on 6 June. A large proportion of the refugees are men between the ages of 18 and 22 who seek to escape military service.

Unconfirmed reports state that open resistance to the intensive military recruiting campaign is being encountered; students at the Russian-sponsored Michurin Institute reportedly refused to volunteer, and an overwhelming majority of the administrative employees of the consumers' cooperative voiced open opposition when called upon to approve a national army. Popular opposition to the anti-unification measures of "sealing" the

Popular opposition to the anti-unification measures of "sealing" the border and forming a national army may make it difficult for the Communist regime to implement its plans to

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isolate East Germany. The increasing flow of refugees, the postponement of "People's Police day," the failure formally to proclaim a national army, and the softening of propaganda on border security suggest such difficulties. (Factual data from: S, US Army Heidelberg, 7 June 52; S Berlin Sitrep 2, 3, 4 June 52; S Frankfurt Telecon, 5 June 52; R FBIS Hamburg, 6 June 52)

25. Italian Communists will avoid violence during Ridgway's visit: The Italian Communist Party appears to be concerned over the possibility of an anti-Communist drive in Italy comparable to that in France, the American Embassy in Rome reports. For that reason, no violence is expected during General Ridgway's coming visit to Italy.

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[redacted] the Communists' protests will be limited to speeches and some work abstentions. [redacted] C Rome Joint Weeka 23, 6 June 52)

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Comment: If the Italian Communists resort to violence during Ridgway's visit, they will risk countermeasures from the government. Protests regarding the arrest of Jacques Duclos have been mostly bluster, and previous demonstrations against General Eisenhower's visits were failures.

26. Italy wants to be first country to publicize COCOM controls: Italy would like to be the first country to make public COCOM export controls, according to the American Ambassador in Rome. He recommends that Italy's announcement of such controls be made at least simultaneously with that of the United States in order to lessen leftist publicity that Italy is merely following US orders.

The American proposal to lift official secrecy from the control program is supported by Italy because it believes such action will counteract Communist propaganda that controls dictated by the United States permit the West to trade only a few items with the Orbit. (S Rome 5357, 7 June 52; C Rome 5309, 5 June 52)

Comment: Since the Moscow Economic Conference last April, the Communists have tried to propagandize the advantages of Orbit trade, stressing in particular the alleged bright prospects for consumer as well as capital goods exports to the Soviet Orbit.

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The Italian Government fears that such propaganda will have some effect inasmuch as neither the combined US-Italo defense orders in Italy nor the government's extraordinary expenditures for civilian work programs will utilize all idle plant capacity or appreciably reduce unemployment.

27. Sweden obtains Polish coal at greatly reduced prices: After lengthy negotiations, Sweden and Poland concluded a contract on 30 May providing for a substantial reduction in the price of Polish coal to be delivered in accordance with the Swedish-Polish trade agreement of December 1951. Sweden refused to expedite the delivery of iron ore unless coal prices were reduced.

Sweden had asked Denmark to delay talks with the Poles, since Sweden was in a stronger position to force down Polish prices. (C 1396 Stockholm, 5 June 52)

Comment: Poland's willingness to sell at reduced prices indicates difficulty in disposing of surplus coal. This difficulty could reduce the necessity to export strategic goods to the East.

LATIN AMERICA

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29. Panama requests withdrawal of Argentine Labor Attache: The Panamanian Government will order Hugo Ramirez Rodulfo, Argentine Labor Attache in Panama, to leave the country if the Argentine

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Government does not comply with Panama's request that he be withdrawn immediately. The Panamanian Minister of Foreign Affairs informed Ambassador Wiley that this decision was made with the specific approval of President Arosemena and the cabinet and that President-elect Remon will be informed. Later the Minister told Ambassador Wiley that Remon "officially and enthusiastically approved" of the action against Rodulfo. (C Panama City 1005, 7 June 52; C Panama City 1012, 9 June 52)

Comment: Rodulfo has recently suffered a significant setback in his strong efforts to dominate Panamanian organized labor. His withdrawal would remove from Panama a principal source of extreme anti-United States propaganda.

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EASTERN EUROPE

1. Hungary denies policy change on diplomatic travel: A Hungarian Foreign Office spokesman denies that there has been any change in policy on diplomatic travel and explains that two recent refusals of permits to motor to Belgrade were "specific" and not to be regarded as indicative of a "general ban."

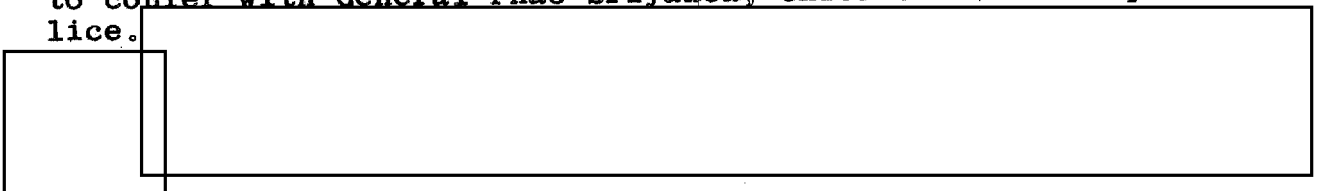
Noting that the Swiss Minister saw no unusual military activity on a recent trip to Belgrade, the US Legation in Budapest speculates that the denial of permits may have been in retaliation for the State Department's control of Hungarian diplomatic travel in New York last May. The Legation plans to make a test application later. (C S/S Budapest 907, 6 June 52)

Comment: Six members of the Hungarian Legation staff in Washington applied on 12 May for permission to make a seven-day trip. The State Department cut the number of persons to four and the number of days to three. The US Legation's request for equivalent travel in Hungary was refused on 17 May.

FAR EAST

2. Former Cambodian premier reportedly contacts Thai police chief: Son Ngoc Thanh, former Cambodian premier who recently went underground, is reliably reported to have been in Bangkok from 10 to 14 May, during which time he had an opportunity to confer with General Phao Sriyanon, chief of the Thai police.

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Comment: The American Embassy in Bangkok has also reported Thanh's presence in Bangkok and indicated that he was endeavoring to obtain arms from Phao. Other reports state that he was successful in his negotiations.

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